



STATE OF WASHINGTON  
Office of the Governor

December 18, 2017

Dear Members of the Washington State Congressional Delegation:

I write to ask you to stand up for the people of our state by voting against H.R. 1, the GOP Tax Plan, which would increase taxes on many working families and blow a \$1.5 trillion hole in the federal budget in order to give large tax breaks to the wealthiest Americans and corporations. This bill would also undermine our state's health insurance market and result in millions of Americans losing their health coverage, while contributing to the destruction of our environment and also setting the stage for massive cuts to basic living programs that Washingtonians, particularly seniors and children, rely on. The process through which this legislation was crafted represents the height of what Americans today find most reprehensible about Congress and Washington, DC, and should be rejected.

Last month, I wrote to you detailing numerous negative impacts that provisions in the U.S. House and Senate versions of the GOP Tax Plan would have in Washington State.<sup>i</sup> While some of the state's concerns were addressed, other extremely troubling provisions were added to the bill later, and the final resulting legislation remains an overall terrible deal for the people of our state. For example, the provision added to H.R. 1 to repeal a key part of the Affordable Care Act would result in a loss of health insurance for a projected 13 million Americans,<sup>ii</sup> including hundreds of thousands of Washingtonians.<sup>iii</sup> Another extraneous policy rider was added to allow oil companies to drill in the pristine Arctic National Wildlife Refuge (ANWR) – a policy that has long been opposed by members of our state's Congressional Delegation, from both parties, as well as a majority of Americans. Furthermore, the bill would significantly increase the federal budget deficit, which President Trump and Republican leaders in Congress have plainly indicated will be used as their predicate for cutting crucial basic living programs that Washingtonians depend upon – like Medicare, Medicaid, nutrition assistance, housing, and Social Security.<sup>iv</sup> Under no circumstances should middle-class Americans' basic living be traded away to pay for tax cuts for the rich.

At a time of huge economic inequality in our nation, it is unacceptable that an overwhelming majority of H.R. 1's financial benefits will be bestowed upon the wealthiest Americans and corporations, while millions of middle-class families would actually see their federal tax bills increase. According to the non-partisan Institute on Taxation and Economic Policy (ITEP), over half of the financial benefits of H.R. 1 would immediately accrue to the wealthiest five (5) percent of Americans. Those enormous tax cuts for high-income individuals and corporations would be sustained, while some paltry tax relief would be provided to middle-income American families, but only on a temporary basis.<sup>v</sup> By 2027, ITEP finds that the average American family not among the richest 40 percent of taxpayers would see a tax increase under this proposal.<sup>vi</sup>



Further, ITEP's analysis finds that in Washington State, a full one-third of the benefits of the GOP Tax Plan would go to the wealthiest one (1) percent of taxpayers. Washington taxpayers in the top one (1) percent would receive a \$7,000 annual tax cut, while the average working-class or lower-income taxpayer would experience a \$50-\$100 tax hike by 2027.<sup>vii</sup>

Furthermore, the decision to repeal the crucial shared responsibility provision of the Affordable Care Act (ACA) will undermine the stability of our state's health insurance market and could result in up to 290,000 Washingtonians losing their health coverage.<sup>viii</sup> For thousands more, it threatens to hike premiums and reduce the number of health insurance options in the market – making health care even more unaffordable than the Trump Administration has already made it. This proposal is particularly troubling because it flies in the face of the hard lessons that Washington State learned in the 1990s, when state lawmakers enacted similar policy that led to a complete collapse of our state's individual health insurance market.<sup>ix</sup> Washington Insurance Commissioner Kreidler and I have already communicated those lessons in seeking your opposition to this misguided and irresponsible policy.<sup>x</sup> While Congress repeatedly failed in its attempts to repeal the ACA earlier this year, thanks in part to bipartisan opposition from Washington State's representatives in Congress, this bill would have much the same effect as those previously failed proposals – less competition, less choice, and higher prices for Washingtonians.

I understand that the GOP Tax Plan is expected to receive a final vote in both the House and Senate this week, despite the text of the bill only having been made public on Friday afternoon, and despite a rushed, secretive, and partisan legislative process that appears to be without precedent in modern American history. It is no surprise that this process has yielded a poorly-designed bill, marked by backroom deals and questionable provisions added in the middle of the night that federal lawmakers and our state – as well as your constituents – are still struggling to comprehend. If Republican leaders would slow down, and work across the aisle, I am confident that Congress could produce far better tax policy that would not be opposed by the vast majority of Americans, as the GOP Tax Plan is now.

In addition, I appreciate that several concerning provisions from previous versions of the GOP Tax Plan – which I raised with you in my letter last month, and on which my office has since communicated with your offices – have not been included in the final legislation. For example, in the final proposal, tax-exempt private activity bonds (PABs) are retained, and state and local public pension plans are not subjected to the unrelated business income tax (UBIT), which would have undermined centuries of taxation immunity between states and the federal governments. However, in addressing these concerns, H.R. 1 negotiators only created major problems elsewhere in this bill that now threaten to harm millions of taxpayers in Washington State and across the country.

Reforming the tax code in a way that benefits working families and small businesses, while contributing to economic growth, would be a commendable goal. Unfortunately, President Trump and the authors of H.R. 1 appear to have had a completely different set of priorities in mind when they set out to write this legislation. The GOP Tax Plan is not one that provides



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significant tax relief to Americans who need it; instead, this bill overwhelmingly benefits already-wealthy taxpayers and businesses, and sticks working-class Americans with the bill.

I strongly urge you to vote to reject H.R. 1, and to instead consider a bipartisan approach to federal tax reform that actually works for all Americans.

Very truly yours,



Jay Inslee  
Governor

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<sup>i</sup> Governor Inslee letter to Washington Congressional Delegation, Nov 14, 2017, [https://www.governor.wa.gov/sites/default/files/Governor%20Inslee%20Letter%20on%20Tax%20Reform.pdf?utm\\_medium=email&utm\\_source=govdelivery](https://www.governor.wa.gov/sites/default/files/Governor%20Inslee%20Letter%20on%20Tax%20Reform.pdf?utm_medium=email&utm_source=govdelivery)

<sup>ii</sup> Congressional Budget Office (CBO), *Repealing the Individual Health Insurance Mandate: An Updated Estimate*, Nov 8, 2017, <https://www.cbo.gov/publication/53300>

<sup>iii</sup> Center for American Progress, *The Senate Tax Bill Threatens Access to Health Care*, Nov 16, 2017, <https://www.americanprogress.org/issues/healthcare/news/2017/11/16/442906/senate-tax-bill-threatens-access-health-care/>

<sup>iv</sup> Washington Post, *Ryan says Republicans to target welfare, Medicare, Medicaid spending in 2018*, Dec 6, 2017, [https://www.washingtonpost.com/news/work/wp/2017/12/01/gop-eyes-post-tax-cut-changes-to-welfare-medicare-and-social-security/?utm\\_term=.57fb56597e46](https://www.washingtonpost.com/news/work/wp/2017/12/01/gop-eyes-post-tax-cut-changes-to-welfare-medicare-and-social-security/?utm_term=.57fb56597e46)

<sup>v</sup> Institute on Taxation and Economic Policy, *The Final Trump-GOP Tax Plan: National and 50-State Estimates for 2019 & 2027*, Dec 16, 2017, <https://itep.org/finalgop-trumpbill/>

<sup>vi</sup> *Ibid.*

<sup>vii</sup> Institute on Taxation and Economic Policy, *How the Final GOP-Trump Tax Bill Would Affect Washington Residents' Federal Taxes*, Dec 16, 2017, <https://itep.org/finalgop-trumpbill-wa/>

<sup>viii</sup> Center for American Progress, *The Senate Tax Bill Threatens Access to Health Care*, Nov 16, 2017, <https://www.americanprogress.org/issues/healthcare/news/2017/11/16/442906/senate-tax-bill-threatens-access-health-care/>

<sup>ix</sup> The Seattle Times, *Dismantling of state's health reforms in 1993 may offer lessons for Obamacare repeal*, Jan 12, 2017, [https://www.seattletimes.com/seattle-news/politics/dismantling-of-states-health-reforms-in-1993-may-offer-lesson-for-obamacare-repeal/?utm\\_medium=email&utm\\_source=govdelivery](https://www.seattletimes.com/seattle-news/politics/dismantling-of-states-health-reforms-in-1993-may-offer-lesson-for-obamacare-repeal/?utm_medium=email&utm_source=govdelivery)

<sup>x</sup> Statement from Governor Inslee and Insurance Commissioner Kreidler regarding impact of 'skinny repeal' proposal, July 27, 2017, <https://www.governor.wa.gov/news-media/statement-gov-inslee-and-insurance-commissioner-kreidler-regarding-impact-%E2%80%99skinny-repeal%E2%80%99D>